

**INTEREST CALCULATION FOR PAYMENTS
TO TERI PARTICIPANTS WHO ENTERED TERI
PRIOR TO JULY 1, 2005**

The Retirement System was ordered to refund contributions to TERI members who entered TERI prior to July 1, 2005 with interest at the rate of 4% payable within 30 days of the June 1, 2006 court order. The specific methodology of how the refunds were to be paid was recommended by the Retirement System and approved by the Supreme Court based on how and when retirement contributions were received from employers.

Contributions for each quarter were assumed to have been earned pro rata over the 3 months comprising the quarter. Since employee contributions are not required to be paid to the Retirement System until the month following the month of deduction, interest began to accrue on the first day of the month following the month of deduction.

EXAMPLE OF INTEREST COMPUTATION

Contribution Amounts

Jane Doe paid the following contributions from July 1, 2005 through March 31, 2006:

Quarter from July 1, 2005 through September 30, 2005:	\$367.71
Contributions are assumed to be earned:	

July	\$122.57
August	\$122.57
September	\$122.57

Quarter from October 1, 2005 through December 31, 2005:	\$735.42
Contributions are assumed to be earned:	

October	\$245.14
November	\$245.14
December	\$245.14

Quarter from January 1, 2006 through March 31, 2006:	<u>\$741.66</u>
Contributions are assumed to be earned:	

January	\$247.22
February	\$247.22
March	\$247.22

Total Contributions From July 1, 2005 Through March 31, 2006	<u>\$1,844.79</u>
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Interest Calculation

Contributions begin earning Interest on the 1st day of the month following the month contributions are presumed collected. For example, July 2005 contributions began earning interest on August 1, 2005.

<u>Interest for</u> <u>Month of</u>	<u>Formula</u>	<u>Interest</u> <u>Amount</u>
July	$\$122.57 \text{ (Contributions)} \times 4\% \times 11 \text{ (Aug - June)} / 12 =$	\$4.49
August	$\$122.57 \text{ (Contributions)} \times 4\% \times 10 \text{ (Sept - June)} / 12 =$	\$4.09
September	$\$122.57 \text{ (Contributions)} \times 4\% \times 9 \text{ (Oct - June)} / 12 =$	\$3.68
October	$\$245.14 \text{ (Contributions)} \times 4\% \times 8 \text{ (Nov - June)} / 12 =$	\$6.54
November	$\$245.14 \text{ (Contributions)} \times 4\% \times 7 \text{ (Dec - June)} / 12 =$	\$5.72
December	$\$245.14 \text{ (Contributions)} \times 4\% \times 6 \text{ (Jan - June)} / 12 =$	\$4.90
January	$\$247.22 \text{ (Contributions)} \times 4\% \times 5 \text{ (Feb - June)} / 12 =$	\$4.12
February	$\$247.22 \text{ (Contributions)} \times 4\% \times 4 \text{ (March - June)} / 12 =$	\$3.30
March	$\$247.22 \text{ (Contributions)} \times 4\% \times 3 \text{ (April - June)} / 12 =$	<u>\$2.47</u>
TOTAL INTEREST FOR CONTRIBUTIONS THROUGH MARCH 31, 2006		<u>\$39.31</u>